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11 *Attorneys for United States of America*

12 UNITED STATES DISTRICT COURT FOR THE  
13 NORTHERN DISTRICT OF CALIFORNIA

14 IN THE MATTER OF THE TAX )  
15 LIABILITIES OF: ) Civil Number:

16 JOHN DOES, United States person(s), who )  
17 directly or indirectly had authority over any ) **UNITED STATES' EX PARTE**  
18 combination of accounts held with Payward ) **PETITION FOR LEAVE TO SERVE**  
19 Ventures Inc., d/b/a Kraken or Kraken.com, or ) **"JOHN DOE" SUMMONS**  
20 its predecessors, subsidiaries, divisions, or )  
21 affiliates (collectively, "Kraken"), with at )  
22 least the equivalent of \$20,000 in value of )  
23 transactions (regardless of type) in )  
24 cryptocurrency in any one year, for the period )  
25 January 1, 2016 through December 31, 2020. )

26 The United States of America, by and through undersigned counsel, hereby petitions the Court  
27 for an order authorizing service of an Internal Revenue Service "John Doe" summons to Payward  
28 Ventures, Inc. and Subsidiaries for information related to transactions in cryptocurrency. In support, the  
29 United States avers as follows:

30 1. This ex parte proceeding is commenced pursuant to §§ 7402(a), 7609(f), and 7609(h) of  
31 the Internal Revenue Code (26 U.S.C.), for leave to serve an Internal Revenue Service "John Doe"  
32 summons on Payward Ventures, Inc. and Subsidiaries.

33 2. The Court has jurisdiction over this proceeding pursuant to §§ 7402(b) and 7609(h)(1) of  
34 the Internal Revenue Code and 28 U.S.C. §§ 1340 and 1345. Venue properly lies within this district.

1           3.       This proceeding is appropriate for assignment to the San Francisco or Oakland Division  
2 because Kraken is headquartered in San Francisco.

3           3.       The IRS has launched an investigation to determine the correct federal income tax  
4 liabilities for taxable years 2016-2020 of United States taxpayers who have conducted transactions in  
5 cryptocurrency. The taxpayers being investigated have failed or potentially have failed to comply with  
6 U.S. internal revenue laws requiring the reporting of taxable income from cryptocurrency transactions.

7           4.       In furtherance of this investigation, the IRS seeks permission to serve, under the authority  
8 of § 7602 of the Internal Revenue Code, an administrative “John Doe” summons to Payward Ventures  
9 Inc. and Subsidiaries. A copy of the proposed summons is attached as Exhibit A to the Declaration of  
10 Karen Cincotta, an Internal Revenue Service Revenue Agent.

11           5.       The “John Doe” summons relates to the investigation of an ascertainable group or class  
12 of persons, that is, United States taxpayers who directly or indirectly had authority over any combination  
13 of accounts held with Payward Ventures Inc., d/b/a Kraken or Kraken.com, or its predecessors,  
14 subsidiaries, divisions, or affiliates (collectively, “Kraken”), with at least the equivalent of \$20,000 in  
15 value of transactions (regardless of type) in cryptocurrency in any one year, for the period January 1,  
16 2016 through December 31, 2020.

17           6.       There is a reasonable basis for believing that such group or class of persons may fail, or  
18 may have failed, to comply with one or more provisions of the internal revenue laws.

19           7.       The information sought to be obtained from the examination of the records (and the  
20 identity of the persons with respect to whose tax liabilities the summons will issue) is not readily  
21 available from other sources.

22           8.       The information sought to be obtained from Kraken is narrowly tailored to information  
23 that pertains to the failure or potential failure of that group or class of persons to comply with one or  
24 more provisions of the internal revenue laws.

25           9.       In support of this Petition, the United States submits the Declaration of Karen Cincotta,  
26 the exhibit attached thereto, and a supporting memorandum.

1 Dated this 30th day of March, 2021.

2 DAVID A. HUBBERT  
3 Acting Assistant Attorney General

4 /s/ Amy Matchison  
5 AMY MATCHISON  
6 Trial Attorney, Tax Division  
7 U.S. Department of Justice  
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